



SBA Supporting and Encouraging Economic Development Through Entrepreneurship

April 04



District Developments

VALUED COLLEAGUE, FRIEND TO SMALL BUSINESS, RETIRES AFTER 39 YEARS OF SERVICE

Elmar Koeberer, Deputy District Director of SBA's Cleveland District Office, retired from the Agency on April 2nd after 39 years of accomplished service. Many of you knew Elmar well and recognize the void that his departure will leave on our office. We know that you would like to join us in offering a great big THANK YOU to Elmar for his years of dedicated service to small business, and wish him well in the next phase of his life!!!

REINVIGORATED 7(a) PROGRAM LENDING REMAINS STRONG

The recent legislation signed by the President enhanced the Agency's 7(a) program and should ensure adequate funding to meet the strong loan demand through the remainder of our fiscal year 2004. The 7(a) lending level for the Cleveland District Office is now running 35% above where it was a year ago. The local increase is ahead of both the Agency's national and regional increases.



The following is a table showing the lending activity of the most active participants in the district as of March 31, 2004.

Bank	Number of Loans	Dollars (in millions)
National City Bank	114	\$9,029
U.S. Bank	57	\$3,803
Sky Bank	54	\$7,637
Bank One	44	\$7,518
FirstMerit Bank	43	\$10,463
Capital One Fed. Savings Bank	41	\$1,575
Huntington National Bank	38	\$4,604

504 Running 33% Ahead of Last Year

Lenders remain active in the 504 area as well. The following are the top lenders in 504 through March 31, 2004:

Lender	Number of 504s
FirstMerit	8
KeyBank	5
Bank One	4
SkyBank	3

The top lender under the 504 Program will be recognized with a special SBA award at the end of our fiscal year.

The Certified Development Companies (CDCs) continue to lead the 504 charge. The top CDCs so far this year (as of March 31, 2004) are:

CDC	Number of Debentures	Total Projects Amount
Cascade CDC	11	\$21,621,000
Growth Capital	8	\$5,707,000
Lake County SBAC	4	\$4,376,000
Stark Dev. Board Finance Corp.	4	\$4,745,000
Mahoning Valley Econ. Dev. Corp.	4	\$1,510,000

Small Business Helps Protect The Environment

Main Street Businesses Care About Their Neighbors And Communities



America's Main Street businesses are an integral part of their communities, and that means caring for the environment of their children, neighbors, and friends. This environmental stewardship is fundamental to being a successful small business, according to a statement today by Chief Counsel for Advocacy Thomas M. Sullivan.

The statement was presented to the U.S. House of Representatives,

Committee on Small Business, Subcommittee on Regulatory Reform and Oversight for their hearing "Small Businesses Creating Jobs and Protecting the Environment." Celebrating the many positive contributions small businesses make to the environment, he said in part:

Small businesses help protect the environment by being an active part of the communities where they work. These businesses know their neighbors hold them accountable for keeping the community clean and healthy. . .

Small business helps protect the environment through innovation. Advocacy's economic research indicates that small businesses innovate at twice the rate of large businesses. That innovation often yields environmentally friendly products and technologies. Everyone benefits when small businesses, in an effort to improve their bottom line, create more efficient, environmentally sound products. . .

Small businesses are often clean businesses. Advocacy's economic research indicates that of the 22.9 million small businesses in the U.S., 53 percent of those are home-based businesses. The majority of these home-based businesses are sales and service-oriented, with very little potential for environmental harm.

The Office of Advocacy, the "small business watchdog" of the government, examines the role and status of small business in the economy and independently represents the views of small business to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats and it funds research into small business issues.

SBA Announces Proposal to Expand Services For America's Small Businesses

U.S. Small Business Administration

Administrator

Hector V. Barreto

today submitted a

legislative package

to the U.S. Congress

that would implement the President's fiscal year 2005 budget, improving the agency's wide range of services and allowing it to reach out to more small businesses than ever before.



"America's small businesses are leading the way in our economic recovery, and they deserve our help and support," Barreto said. "Last year was a record-breaking year for the SBA. Now we must look to the future. The legislation we are proposing today will allow us to reach out to more small businesses, and do more for them, than ever before. It will result in an SBA that is more responsive, more efficient, more modern – in other words, an SBA that is more like the small businesses it serves every single day.

"President Bush often says that government cannot create wealth and jobs, but it can help to create an environment in which the spirit of entrepreneurship can thrive," Barreto added. "That is what this legislation does. It allows us to help America's small businesses do what they do best: grow the economy and create jobs."

Included in the legislative package are several initiatives that will enhance the agency's ability to deliver services to its small business clients, including:

Permitting the 7(a) loan program to operate at a zero subsidy rate by allowing the SBA to

annually adjust the fees for the program. The legislation will also allow the SBA to charge and retain fees for the cost of mandatory lender reviews;

Giving the SBA more flexibility to assist companies adversely affected by
Presidentially declared disasters; and
Enhancing the Women's Business Center (WBC) program by coordinating WBC activities with the Small Business Development Center program.

SBA anticipates legislative action on some or all of these initiatives during late April, May and June during the movement of SBA's reauthorization bill.

SBA's HUBZone Celebrates Fifth Anniversary

Job Creation Program Has Certified 10,000 Businesses Since Inception

WASHINGTON – U.S. Small Business Administration Administrator Hector V. Barreto announced today that the SBA's HUBZone program has approved 10,000 small businesses as program participants, just as the successful job creation program marked its fifth anniversary. By reaching the 10,000 mark in five years, HUBZone, or Historically Underutilized Business Zone, which provides federal contracting assistance for qualified small businesses located in economically distressed communities, can stake a claim as the fastest growing certification program in the entire federal system.

"I am pleased to announce that in only five short years, the HUBZone program has certified 10,000 small businesses, providing more than \$2.45 billion in federal contracts to help create jobs in economically distressed areas," Barreto said. "HUBZone is a proven, powerful tool for entrepreneurship and job growth. There are now HUBZone firms in all

50 states, as well as the District of Columbia, Puerto Rico and the Virgin Islands. Barreto also said that the federal government, for the first time ever, awarded more than a quarter of its prime contracting dollars to small businesses in fiscal year 2003. The FY 2003 data show that small businesses did \$62.7 billion of business with the federal government as prime contractors, representing 25.37 percent of all government prime contracting dollars, a \$9.7 billion increase over FY 2002. The companies include small businesses in the HUBZone, 8(a) Business Development and other SBA programs, as well as non-SBA-certified companies. More than 13,500 locations have been certified as HUBZone areas. The program uses modern information technology and the Internet to grow while remaining customer-friendly. All of these accomplishments translate into a successful program that is helping create an environment in which entrepreneurship and job growth can flourish in economically distressed areas. The HUBZone program was created in 1997 as a result of legislation sponsored by Sen. Christopher 'Kit' Bond (R-MO). For a small business to be HUBZone-certified, its principal office must be located in a HUBZone and at least 35 percent of its employees must reside in one of these specially designated areas. Additionally, the firm must be owned and controlled by U.S. citizens, a community development company or an Indian tribe. Part of the HUBZone program's tremendous success is a result of its easy availability online. Small businesses can research their location via the Internet to determine if they are located in a HUBZone. If so, they can then apply for HUBZone certification using the Web-based application and usually receive a determination within 30 days. The HUBZone program also boasts an online application that features a streamlined presentation with pop-up menus directing

applicants to an online guide to the actual regulations. The system also allows an applicant to check the status of an application at any time during the review process. The online application and more information can be accessed at www.sba.gov/hubzone

Frequently Asked Questions About Small Business.

The office of Advocacy has a new product that may be of interest to you.

We are committed to encouraging academics and other researchers to study small business and entrepreneurship both within the classroom and in their own research. So, we have prepared the "[Small Business Resources for Faculty, Students, and Researchers: Answers to Frequently Asked Questions.](#)"

This FAQ supplements our existing "[Small Business by the Numbers](#)" basic small business FAQ. It is a direct result of suggestions made by economic research focus groups that have been conducted over the past year.

Profiles in Success

As in the last issue, we will continue to feature small businesses here in Northern Ohio that have demonstrated success. We invite you to share stories of businesses that you feel reflect a similar degree of entrepreneurship.

A PASSION FOR PERFORMANCE

Many dream about making their passion or hobby into a career, but few make it happen. Christopher Moore is one exception to the rule. A passion for Porsches led Chris and his

wife, Debbie, to establish Autobahn Extremist in 1997, and they have not looked back.

The Moores' Autobahn Extremist provides repair and maintenance services for high performance German automobiles such as Porsches, Audis, and BMWs. The business also specializes in building engines and providing parts and components for auto racing enthusiasts.

Already mechanically inclined, Chris first fell in love with the Porsche while stationed in Germany with the U.S. Air Force. While in the service, he retooled scrap autos with high performance Porsche engines and sold them to fellow recruits. Upon his discharge and return to the States, Chris pursued a career outside of the automotive arena, but he found a way to purchase a Porsche of his own.

His love of working on performance autos eventually brought him back to taking employment with local automotive repair shops. A chance meeting with another Porsche owner who was having little luck finding a specialized auto repair shop led Chris and Debbie to consider opening their own high performance automotive repair shop. Debbie drafted a convincing business plan, and, with the assistance of a \$50,000 SBA guaranteed loan through KeyBank, Autobahn Extremist was born.

Concerns about being able to survive while catering solely to a high-end auto clientele were quickly dispelled. Autobahn Extremist had found its niche and served it well. The company grew a strong reputation for quality service based solely on word of mouth referrals. Satisfied customers became their sales force, generating more and more clients! By 2002, the demand for service forced the Moores to consider relocating to a much larger, more modern facility. They updated their business plan, sold their proposal to

KeyBank, and obtained another SBA guaranteed loan. The loan allowed the business to acquire additional equipment and relocate to Rocky River.

Autobahn Extremist continues to grow while specializing in Porsche automobiles, full service maintenance for high end cars, and race track car preparation. Chris Moore finds himself living his passion, a passion for performance cars that has grown into a very successful career!

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